

## Message Text

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INFO OCT-01 ISO-00 IO-03 ARA-06 ONY-00 /024 R

DRAFTED BY E:CRFRANK:NAF

APPROVED BY IO:SWLEWIS

ARA/ECA - RWZIMMERMANN

S/S - MR. REDDY

ARA/ECP - JO'MAHONY

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: EAID, BR, EINV

SUBJECT: THANK YOU LETTER TO CABRAL DE MELLO

REF: STATE A-4492, 9/8/76, SUBJ: Q'S AND A'S ON THE INTER  
NATIONAL RESOURCES BANK

1. PLEASE DELIVER THE FOLLOWING LETTER FROM CHARLES R.  
FRANK, JR., TO CABRAL DE MELLO, MINISTRY OF FOREIGN  
AFFAIRS. A COPY OF THE Q'S AND A'S ON THE IRB REFERRED TO  
IN THIS LETTER IS BEING POUCHED TO YOU 9/8 UNDER STATE  
A-4492.

2. IT WAS A PLEASURE TO HAVE VISITED BRAZIL AND TO HAVE  
SPENT SO MUCH TIME IN FRUITFUL DISCUSSIONS WITH YOU AND  
YOUR COLLEAGUES. ASSISTANT SECRETARY LEWIS AND I LEARNED  
A GREAT DEAL FROM SPEAKING WITH YOU AND RETURNED TO WASH-  
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INGTON WITH FRESH THOUGHTS AND IDEAS THAT YOU STIMULATED.

I ONLY HOPE THAT THE TALKS WERE AS FRUITFUL FOR YOU AS THEY WERE FOR US.

3. WHEN WE WERE IN BRAZIL, WE PROMISED TO SEND YOU SHORTLY SOME MATERIAL ELABORATING ON THE PROPOSAL FOR AN INTERNATIONAL RESOURCES BANK. WE HAVE ASKED THE AMERICAN EMBASSY IN BRASILIA TO MAKE THIS MATERIAL AVAILABLE TO YOU. AS WE MENTIONED IN BRASILIA, THE BRAZILIAN GOVERNMENT WAS VERY HELPFUL IN ADDING AN IMPORTANT INTELLECTUAL STIMULUS TO THIS EXERCISE AND WE BELIEVE THIS EXPANDED TREATMENT OF THE IRB CONCEPT RESPONDS TO THE MANY THOUGHTFUL QUESTIONS YOU ASKED. WE WELCOME ANY FURTHER QUESTIONS, COMMENTS OR SUGGESTIONS YOU MIGHT HAVE CONCERNING THE PROPOSAL. (WE VALUE VERY MUCH THE OPINIONS OF YOUR GOVERNMENT AND KNOW THAT OTHERS DO ALSO.)

4. FRANKLY, WE RECOGNIZE THAT BRAZIL DOES NOT STAND TO GAIN AS MUCH FROM A PROPOSAL LIKE THE IRB AS PERHAPS SOME OTHER DEVELOPING COUNTRIES DO. BUT WE DO BELIEVE THAT SOME MARGINAL INVESTMENTS MAY BE ATTRACTED TO COMMERCIALLY VIABLE PROJECTS IN BRAZIL RATHER THAN TO VERY HIGH-COST POTENTIAL PROJECTS IN THE DEVELOPED WORLD. MANY MORE INVESTORS MIGHT BE INTERESTED AND COMPETE TO PARTICIPATE IN ANY GIVEN PROJECT IN BRAZIL. THESE INVESTORS MIGHT REQUIRE LESS OF A RISK PREMIUM FOR INVESTMENT IN THAT PROJECT. THESE FACTORS ENHANCE THE ABILITY OF BRAZIL TO PROFIT MORE FROM ANY RESOURCE INVESTMENT PROJECT. IN ANY CASE, WE DO HOPE THAT YOU WILL GIVE THE IDEA CAREFUL CONSIDERATION.

5. AGAIN, LET US EXPRESS GREAT APPRECIATION FOR YOUR KIND HOSPITALITY. WE WILL LONG REMEMBER IT.

6. PLEASE CONVEY OUR THANKS TO YOUR COLLEAGUES AND STAFF IN ITAMARATY WHO SO GRACIOUSLY SPENT THEIR TIME WITH US. WE HAD A CHANCE TO DISCUSS ISSUES AND PROBLEMS IN GREAT DEPTH, AN INVALUABLE EXPERIENCE FOR US. SINCERELY,  
CHARLES R. FRANK, JR., SENIOR ECONOMIST, OFFICE OF THE  
UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS. ROBINSON

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## Message Attributes

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**To:** BRASILIA  
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